

H-24

April 5, 2022

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive the supporting documentation into the record, conclude the hearing, and adopt the hearing officer's recommendation to revoke business license number BU21903666 issued to SOCAL Equity Holdings, LLC, located at 214-216 Atlantic Avenue, Long Beach. (District 1)

DISCUSSION

Attached is Hearing Officer Ashleigh N. Stone, Esq.'s written report regarding the appeal of the business license revocation for SOCAL Equity Holdings, LLC. Hearing Officer Stone recommends the revocation of business license BU21903666 that was issued to SOCAL Equity Holdings, LLC, located at 214-216 Atlantic Avenue, Long Beach, for commercial/industrial space rental.

Below is the chronological order of events leading up to the hearing officer's decision:

- On August 18, 2021, a business license revocation hearing was conducted in compliance with Long Beach Municipal Code (LBMC) Section 3.80.429.1.
- On September 15, 2021, the hearing officer recommended the Director of Financial Management revoke business license number BU21903666 (Attachment A).
- On October 6, 2021, the Department of Financial Management revoked the commercial/industrial space rental business license issued to SOCAL Equity Holdings, LLC, located at 214-216 Atlantic Avenue, Long Beach (Attachment B), due to failure to comply with applicable laws and regulations pursuant to LBMC Sections 5.90.030, 5.92.210, and 5.92.1420.
- On October 14, 2021, the licensee submitted its written request for an appeal (Attachment C). Pursuant to LBMC Section 3.80.429.5, a licensee can appeal the revocation of a business license to the City Council.
- On December 7, 2021, the City Council referred the appeal of the business license revocation for SOCAL Equity Holdings, LLC, to a hearing officer.

- On February 9, 2022, the revocation appeal hearing was held. The hearing officer that was assigned by the City Clerk's Office to hear the matter was Ashleigh N. Stone, Esq.
- On February 28, 2022, the hearing officer recommended that the business license issued to SOCAL Equity Holdings, LLC, should be revoked due to violations of LBMC Section 5.92.210 (Attachment D).

LBMC Section 2.93.050(A) requires that the City Council set a time for a hearing to review and consider the hearing officer's report and recommendation. After review of the hearing officer's report, the City Council may adopt, reject, or modify the recommended decision.

This matter was reviewed by Deputy City Attorney Arturo D. Sanchez on March 10, 2022.

TIMING CONSIDERATIONS

The hearing date of April 5, 2022, has been posted at the business location, and the property owner has been notified by mail.

FISCAL IMPACT

There is no fiscal or local job impact associated with this item.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

ATTACHMENTS: A – ORIGINAL HEARING OFFICER REPORT
B – REVOCATION LETTER FROM CITY
C – APPEAL LETTER FROM BUSINESS OWNER
D – APPEAL HEARING OFFICER REPORT

APPROVED:



THOMAS B. MODICA
CITY MANAGER

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**ADMINISTRATIVE HEARING
CITY OF LONG BEACH**

ADMINISTRATIVE HEARING FOR
BUSINESS LICENSE NUMBER
BU21903666 ISSUED TO SOCIAL
EQUITY HOLDINGS, LLC, AT
214-216 ATLANTIC AVENUE TO
SHOW CAUSE WHY ITS LICENSE
SHOULD NOT BE REVOKED
PURSUANT TO LONG BEACH
MUNICIPAL CODE CHAPTER
3.80.429.1 FOR ALLOWING
UNLICENSED CANNABIS
ACTIVITIES TO OCCUR AT
214-216 ATLANTIC AVENUE IN
VIOLATION OF LONG BEACH
MUNICIPAL CODE CHAPTER
5.92.210

RECOMMENDATION AND FINDINGS

HEARING DATE : 8/18/21

ADMIN HEARING
OFFICER LARRY MINSKY

I. INTRODUCTION AND POSITIONS OF THE PARTIES

This matter came on for hearing remotely via the WebEx platform on August 18, 2021 at 9:30 a.m. The Hearing was conducted by Administrative Hearing Officer Larry Minsky, assigned to this matter by the CITY OF LONG BEACH (City) to hear the timely appeal filed by Appellant EQUITY HOLDINGS, LLC

1 (Appellant) relative to the City's decision to revoke Appellant's City Commercial/
2 Industrial Space Rental Business License Number BU21903666 which enabled
3 Appellant to operate a non-cannabis-related business at 214-215 Atlantic Avenue,
4 Long Beach, California, 90802 (Property). The City's decision to revoke
5 Appellant's Commercial/Industrial License was predicated on its conclusion that
6 Appellant had been engaging in unauthorized, non-licensed cannabis activity at
7 that Property. (See: City Exhibits at pages 12-17.)
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10 The City notified Appellant of its intent to hold this hearing by letter dated
11 May 18, 2021 and thereafter, as a result of Appellant's request for a continuance of
12 said hearing, by letter dated July 26, 2021. (See: City Exhibits at pages 4 and 5.)
13

14 The City contends Appellant was engaging in unlawful cannabis-related
15 activity at the Property in violation of the City's Municipal Code. More
16 specifically, the City contends, inter alia, that on December 1, 2020, Appellant was
17 found to have been using the Property to store cannabis at the Property and/or use
18 the Property as part of Appellant's delivery operations and that its cannabis
19 operations were, through its personnel, creating a public nuisance.
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21 Appellant contends: (a) it had a State-issued license to distribute cannabis;
22 (b) cannabis was not found by the City inspector's inside the Property at any point
23 during the City Inspector's visit to the Property; and, (c) as admitted in Appellant's
24 Closing Statements, it is their position that it is not illegal to have its cannabis
25 delivery agents/employees use the Property to rest, enjoy meal or rest breaks or
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1 take restroom breaks.

2 **II. SUMMARY OF RELEVANT EVIDENCE**

3 **A. DOCUMENTARY EVIDENCE**

4 **1. The City's Exhibits:**

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6 The City introduced a series of documents consisting of various letters, City
7 business licensing records, and various documents and photographs prepared or
8 secured by the City's Business Licensing Department and/or City Business
9 Inspector, Ms. Lori Voss (Voss). These documents were number from 001 through
10 072; all were admitted without objection. An additional document, an e-mail from
11 Voss dated December 2, 2020 constituting Voss's investigative activities and
12 observations of the Property, bearing City Exhibit page number 073 (12/2 email)
13 was also admitted during the hearing.
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17 **2. Appellant's Exhibits:**

18 Although Appellant was specifically advised of his right and given the
19 opportunity to present exhibits during the hearing, Appellant offered no exhibits.
20 However, attached to its post-hearing Closing Statement (Statement), Appellant
21 attached various documents. Though received after the close of testimony, said
22 documents were considered by this Hearing Officer.
23
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25 **B. TESTIMONY**

26 Following the presentation of its Opening Statement, the City offered only
27 the testimony of Voss and Appellant offered only its agent, Mr. Jorge Larios
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1 (Larios). No other witness testimony was presented. Larios was the Appellant's
2 sole representative at the Hearing; his name is listed as the author of Appellant's
3 Statement.
4

5 **I. Evidence Presented by Voss:**

6 Aided by her file and City documents, Voss testified to the following. City
7 records reflect Appellant has but a single City business license, that being, a
8 Commercial/Industrial Space Rental Business license bearing City License
9 Number BU2190366. That license permitted Appellant to conduct only
10 commercial or industrial activities on the Property. Appellant has no cannabis-
11 related City license. Voss testified Larios is associated with numerous cannabis-
12 businesses entities/corporations. In his testimony and Statement, Larios admits
13 ownership in various cannabis-related businesses, at least one of which involved
14 the delivery of cannabis with a State license.
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18 Voss testified, as confirmed by her 12/2 email, that in late November 2020,
19 Voss began conducting surveillance of the Property as a result of a citizen
20 complaint. Voss learned from the complaining Citizen (Citizen) that persons were
21 entering and leaving through the rear of the Property at all hours of the day. The
22 Citizen's description of the problems suggested to Voss that there was, as she states
23 in her 12/2 email, "illegal marijuana business operating at the Property" (See: City
24 Exhibits at 073).
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28 During her surveillance, Voss testified she observed several white vans

1 parked in a parking lot located adjacent to the rear of the Property. (See infra:
2 white vans were observed and photographed on December 1, 2020 depicting
3 sizeable quantities of cannabis and cannabis-related items in the cargo space of
4 white vans.) In his Statement, Larios admits to having “product in said licensed
5 vans.”
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7
8 Voss testified that the parking lot was owned by Appellant. In Appellant’s
9 Statement, Larios admits he was a member of a social bike club which does use the
10 adjacent parking lot for social events and had recently (some time prior to
11 December 1, 2020) been engaged in an activity resulting in complaints from
12 neighbors due to the loudness of the music coming from the event. White vans
13 were seen parked in this lot both during Voss’s November surveillance and during
14 her December 1, 2020 inspection of the Property.
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17 Following her surveillance on December 1, 2020, Voss, accompanied by
18 City Code Enforcement Inspector Ray Barajas and Fire Inspector John Fort,
19 (Team), conducted an inspection of the Property. Appellant’s property was
20 unavailable for inspection when the Team arrived. Voss testified to making efforts
21 to have Larios make the Property open for inspection; the Team never gained
22 access to the Property directly through Larios.
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25 There is no dispute that Voss and Larios talked on the phone on multiple
26 occasions on December 1, 2020. According to Voss, during one such conversation,
27 Larios admitted to operating a cannabis delivery business out of the Property, a
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1 contention Larios disputed through his direct examination. The Record reflects
2 Larios agreed to make the Property open and available to Voss for her to inspect
3 the Property in the afternoon. Based on said representation, the Team left the
4 Property to return later that day. Soon after the Team left, Voss was notified that
5 boxes were being taken out of the Property and moved into vans located in the
6 adjacent parking lot. As a result of that notification, the Team returned to the
7 Property at approximately 1:30 p.m. on December 1, 2020 and witnessed several
8 men carrying boxes out of the Property and placing them into white vans located in
9 the adjacent parking lot. Inspection of the boxes, depicted in the Team's
10 photographs (City Exhibits at pages 052-072) revealed the boxes contained
11 cannabis and cannabis paraphernalia. The white vans parked in the adjacent
12 parking lot were also inspected and the cargo spaces of the vans were found to
13 contain large amounts of cannabis and cannabis-related items.
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18 Voss and Team member Fort had previously met one of the men moving the
19 boxes out of the Property and knew him to be working for Larios. According to
20 Voss, that man advised her that (1) the men moving the boxes had been instructed
21 by Larios to quickly get all cannabis and related product out of the Property and
22 into the white vans, and (2) that Larios was operating a cannabis-related business
23 at the Property.
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26 **2. Evidence Presented by Larios:**

27 Larios admitted he owned or was one of the principal owners of several
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1 cannabis-related businesses, including a cannabis delivery company. He admitted
2 he and others used cannabis within the Property and that he owned various devices
3 used in the cannabis business. He admitted ownership of the strainers and scales
4 along with the remnants of cannabis flowers found in the Property which were
5 depicted in the Team's photographs. (See: City Exhibits at pages 051-057, 059-
6 72.) While Larios admitted he and his employees/agents did partake in the use of
7 cannabis on the property, he denied Voss's claim that he had admitted to Voss that
8 he/Appellant was operating a cannabis delivery business out of the Property.

9 Larios stressed Voss's admission that she/the Team did not find any actual cannabis
10 inside the Property during Voss's inspection other than the few flakes depicted in
11 the photos (See: City Exhibits at page 060.) Larios admitted in his Statement that
12 his agents/workers from one of his/Appellant's businesses, Daze/GLD Delivery,
13 Inc., a State-licensed, statewide cannabis delivery company, did use the Property
14 for restroom, rest, and meal breaks. Daze products were found on December 1,
15 2020 in the white vans parked in the adjacent parking lot.

21 **III. STATEMENT OF ISSUE**

22 At times relevant herein, did Appellant utilize its non-cannabis,
23 Commercial/Industrial business license to engage in or operate cannabis-related
24 activities, including the delivery of cannabis products within the City of Long
25 Beach at the Property and did said conduct constitute a violation of Appellant's
26 commercial/industrial license and the City's Municipal Code entitling the City to
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1 revoke Appellant's business commercial/industrial license?

2 **IV. DISCUSSION**

3 Appellant appears to argue that its activities of using the Property for rest,
4 meal, and restroom breaks for its employees/agents constitutes a legitimate and
5 proper use of its City commercial/industrial license. Appellant asserts that their
6 drivers were merely stopping at the Property to engage in necessary breaks in
7 connection with their cannabis delivery business, a business authorized by its State
8 license, and therefore their actions did not violate the terms and conditions of its
9 City license. Appellant also points out that the City failed to establish the existence
10 of cannabis within its Property during Voss's December 1, 2020 inspection and
11 hence the City cannot legitimately conclude Appellant used the Property to engage
12 in cannabis-related activity. Based thereon, Appellant concludes the City's
13 decision to revoke its license was improper and must be reversed. Appellant's
14 conclusion/position is without merit.

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20 The clear weight of the evidence establishes that Appellant was in fact using
21 the Property to at least store cannabis for temporary or longer time periods and to
22 allow its delivery personnel to use said Property at all times of the day as a place
23 where its drivers could eat, relax, and use restroom facilities. The fact that
24 Appellant had/has a State license to operate a statewide cannabis delivery business
25 does not preempt the City's statutory restrictions for operating cannabis-related
26 activities within its jurisdiction, nor does it prohibit the City from requiring all
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1 businesses operating within the City and engaging in cannabis-related activity from
2 satisfying its cannabis-related licensing requirements as set forth in the City's
3 Municipal Code. Appellant was using the Property as part of the stream of
4 commerce of its cannabis-related businesses.
5

6 **V. RECOMMENDATION AND FINDINGS**

7 **A. FINDINGS OF FACT:**

- 8
- 9 1. Appellant was the licensed owner of the business located at 214-216
10 Atlantic Boulevard, Long Beach, California 90802.
 - 11 2. At times relevant herein, the City had issued Appellant a
12 commercial/industrial license for the Property bearing Long Beach
13 Business License Number BU21903666.
 - 14 3. Appellant and its owner(s) own and operate various cannabis businesses,
15 one of which is Daze/GLD Delivery, Inc., a cannabis delivery company.
 - 16 4. Appellant has no license through the City authorizing it to engage in
17 cannabis-related activities at the Property.
 - 18 5. On December 1, 2020, City inspectors witnessed Appellant's
19 agents/employees transporting cannabis and cannabis-related products
20 and other material from the Property and placing them into Appellant's
21 white vans parked in a parking lot adjacent to the rear of the Property.
 - 22 6. Appellant's agents/employees, at the direction of Appellant/Larios, did
23 store cannabis within the Property and upon learning of the pending
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1 Team's inspection, did seek to hide the storing of said cannabis product
2 located in the Property from the City's inspectors.

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4 7. Appellant's agents/employees admitted to City inspectors that
5 Larios/Appellant was operating a cannabis-related business at/within the
6 Property.
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8 8. Appellant did use its Property for cannabis-related business activity.
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10 9. Appellant was fully apprised of the City's intent to revoke Appellant's
11 license noted above and was properly afforded due process relative to the
12 matters addressed herein.
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14 10. To the extent any conclusion of law identified below constitutes a
15 finding of fact, it is hereby incorporated

16 **B. CONCLUSIONS OF LAW:**

- 17 1. Appellant filed a timely appeal of the City's decision to revoke
18 Appellant's Business License Number BU21903666.
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20 2. Appellant was authorized by said commercial/industrial license to
21 operate non-cannabis commercial or industrial activities on the Property
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23 3. At times relevant herein, Appellant operated/used its Property for
24 cannabis-related activities in violation of LBMC section 5.92.210 (A)(2).
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26 4. At times relevant hereto, Appellant possessed a State-issued license to
27 operate a cannabis delivery business.
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29 5. At times relevant hereto, Appellant did not possess any cannabis-related

1 business licenses within the City of Long Beach.

2 6. At times relevant hereto, Appellant was using its commercial/industrial
3 license to operate cannabis-related business activities within the City in
4 violation of the LBMC.

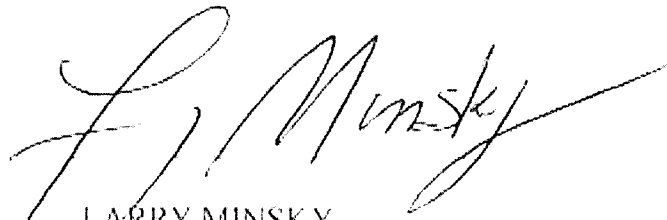
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6 7. The issuance of a cannabis-related license permitting Appellant to
7 operate a cannabis delivery business in the State of California did not
8 prevent the City from enforcing the provisions and restrictions imposed
9 on Appellant by its Municipal Code and by California Business &
10 Professions Code section 26200
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13 8. To the extent any conclusion of fact identified above constitutes a
14 conclusion of law, said conclusion is hereby incorporated.
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16 **VI. CONCLUSION**

17 The Record here establishes by a preponderance of the evidence that
18 Appellant used its City Business License Number BU21903666 for operating
19 cannabis-related activities out of its Property. The City's decision to revoke
20 Appellant's commercial/industrial Business License Number BU21903666 is
21 upheld.
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26 Dated: September 15th, 2021



LARRY MINSKY,

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ADMINISTRATIVE HEARING OFFICER

LARRY MINSKY, ESQ., SBN 096592
Administrative Hearing Officer
Telephone: (562) 435-7878
Facsimile: (562) 432-3822
Email: larry@minskyesq.com

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October 6, 2021

SOCAL Equity Holdings, LLC
214 Atlantic Avenue
Long Beach, CA 90802

RE: Notice of Business License Revocation for Business License Application BU21903666

Dear Sir or Madam:

Please be advised that business license BU21903666, issued to SOCAL Equity Holdings, Inc., located at 214-216 Atlantic Avenue, Long Beach, CA 90802 **has been revoked**, pursuant to Long Beach Municipal Code ("LBMC") Section 3.80.429.1(a), **effective October 6, 2021**. Pursuant to LBMC Section 3.80.429.5, you have 10 calendar days from the date of this letter to file an appeal of the revocation, otherwise the revocation will be final. Your appeal must be submitted no later than October 16, 2021.

To file the appeal, a request must be made in writing and must set forth the specific ground(s) on which the appeal is based and must be accompanied by a non-refundable cashier's check or money order, made payable to the City of Long Beach, in the amount of \$1,471. The request for appeal must be mailed to the City of Long Beach Financial Management Department, Business License Division, Attn: Susan Gonzalez, 411 W. Ocean Boulevard 6th Floor, Long Beach, California, 90802.

Failure to cease operations at this location after October 16, 2021 shall constitute a criminal offense pursuant to LBMC Sections 3.80.429.1(b) and 3.80.210. Pertinent sections of the LBMC are attached.

Should you have any questions, please contact Susan Gonzalez, Administrative Analyst, at (562) 570-6162 or by email at susan.gonzalez@longbeach.gov.

Sincerely,



Tara Mortensen
Recovery and Business Services Bureau Manager

CC: Art Sanchez, Deputy City Attorney
Council District



3.80.210 - License and tax payment required.

There are hereby imposed upon the businesses, trades, professions, callings and occupations specified in this Chapter license taxes in the amounts hereinafter prescribed. It shall be unlawful for any person to transact and carry on any business, trade, profession, calling or occupation in the City without first having procured a license from said City to do so and paying the tax hereinafter prescribed and without complying with any and all applicable provisions of this Code, and every person conducting any such business in the City shall be required to obtain a business license hereunder.

This Section shall not be construed to require any person to obtain a license prior to doing business within the City if such requirement conflicts with applicable statutes of the United States or of the State of California.

Any person who engages in any business for which a business license is required, shall be liable for the amount of all taxes and penalties applicable from the date of commencement of the business, whether or not such person would have qualified for such business license; however, such payment shall not create any right for the person to remain in business.

All payments of business license tax received by the City, irrespective of any designation to the contrary by the taxpayer, shall be credited and applied first to any penalties and tax due for prior years in which the tax was due but unpaid.

(Ord. C-7783 § 2, 2002: Ord. C-6259 § 1 (part), 1986)

3.80.429.1 - Suspension or revocation.

A. Whenever any person fails to comply with any provision of this Chapter pertaining to business license taxes or any rule or regulation adopted pursuant thereto or with any other provision or requirement of law, including, but not limited to, this Municipal Code and any grounds that would warrant the denial of initial issuance of a license hereunder, the Director of Financial Management, upon hearing, after giving such person ten (10) days' notice in writing specifying the time and place of hearing and requiring him or her to show cause why his or her license should not be revoked, may revoke or suspend any one (1) or more licenses held by such person. The notice shall be served in the same manner as notices of assessment are served under Section 3.80.444. The Director shall not issue a new license after the revocation of a license unless he or she is satisfied that the registrant will thereafter comply with the business license tax provisions of this Chapter and the rules and regulations adopted thereunder, and until the Director collects a fee, the amount of which shall be determined by Director in an amount to recover the actual costs of processing, in addition to any other taxes that may be required under the provisions of this Chapter.

B. Any person who engages in any business after the business license issued therefor has been suspended or revoked, and before such suspended license has been reinstated or a new license issued, shall be guilty of a misdemeanor.

(Ord. C-6259 § 1 (part), 1986)

3.80.429.5 - Appeal of license revocation.

Any licensee whose license is revoked under this Chapter shall have the right, within ten (10) days after the date of mailing of the written notice of revocation, to file a written appeal to the City Council. Such appeal



shall set forth the specific ground or grounds on which it is based. The City Council shall hold a hearing on the appeal within thirty (30) days after its receipt by the City, or at a time thereafter agreed upon, and shall cause the appellant to be given at least ten (10) days' written notice of such hearing. At the hearing, the appellant or its authorized representative shall have the right to present evidence and a written or oral argument, or both, in support of its appeal. The determination of the City Council on the appeal shall be final.

(Ord. C-6259 § 1 (part), 1986)



10/14/21

**Appeal: BU21903666 Business License Revocation
216 Atlantic Ave, Long Beach CA 90802**

To the City of Long Beach,

I strongly believe that the revocation of my license at 216 Atlantic Ave, Long Beach is strictly based on unwarranted assumptions. There was no actual evidence or proof of any illegal or legal cannabis business conducted at the respective location and hearsay is not enough to revoke the business license. There was no definitive evidence presented at the city hearing and detective Lori Voss stated on the record that she did not find any Cannabis products inside the building, 216 Atlantic. By law an adult use patient is able to possess up to 28 grams of cannabis if they are 21 and older and no limits that exceeded this were found at the location. It is unwarranted to revoke the business license at 216 Atlantic Ave, when there was no Cannabis products found.

The city first claims that the business license was revoked for "engaging in unauthorized, non-licensed cannabis activity at the property". That is a false claim as there was no actual cannabis activity occurring at the facility. There was clearly no violation there, and the city is assuming the cannabis activity without any clear evidence.

Detective Voss also claims that activity was being conducted at the property due to the fact that employees of another entity would safely be able to use the restroom or have a lunch break at 216 Atlantic Ave. This is also a misunderstanding by Voss, as it is no different than employees stopping at the gas station, grocery stores, convenience stores to use the restroom in the city of Long Beach, except they fall into a more dangerous situation during those experiences as they leave the vehicle unsupervised, possibly leading to a car robbery in sketchy locations. BCC Regulations Section 5311 (H) states that a transporter should not leave the vehicle unattended. BCC Regulations 5311 (K) also states that transporters may not stop between delivery unless it is for necessary fuel or rest, a lunch break is a form of necessary rest for our employees.

Another claim that has not been backed by any evidence is the statement that vans were being filled with inventory after the inspection attempt occurred. This is a statement that has no merit as there are no individuals who can testify and the claim is simply hearsay. Relative to the van situation, Voss claims that an employee of Larios, said to her that Larios instructed him to move all product into the van and that Larios was running a delivery business from the property. That is not a true statement and the employee is willing to testify that he did not state either of those statements to Lori Voss. There is no prior statement that would justify the validity of that statement. Voss also has claimed that Larios has admitted that he operated the delivery service out of the property which is not true. There are numerous claims by Voss about the business connected to the property that are without merit.

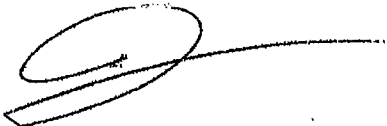
A statement in the hearing officer's revocations and findings also claims that a justification for the revocation of the business license is that Mr. Larios did not possess any cannabis related business license in the city of Long Beach, which is completely irrelevant to the situation. Firstly, it was never proven that there was any type of cannabis activity at said location as therefore the possession of a license in the City of Long Beach is irrelevant to the situation.

Secondly, a statewide delivery license supersedes the jurisdiction of the city of long beach according to : Regulation 5416(d) which states that local control is not absolute and while the city can regulate and even ban cannabis delivery businesses established within their local borders, the city cannot ban licensed businesses that are established in other cities or counties from delivering into the city's jurisdictions. It is also unlawful for cities to ban the applicable citizens within their borders from ordering and receiving their delivery orders from state licensed delivery operators as long as they meet the qualifications to order such as age requirements. Such an example can be demonstrated when the cities of Beverly Hills, Santa Cruz, Riverside sued the state for allowing statewide delivery within their borders, ultimately losing the court case against the BCC because cities cannot override the regulations set forth by the State. If the city does not outline these rules then the state laws apply and supersede the city guidelines.

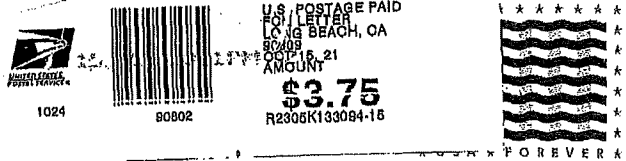
A crucial assumption that the City of Long Beach does not understand is the relationship between my ownership of a licensed Cannabis license and my ownership of a business license at 216 Atlantic Ave. Just because I am an owner of both does not mean that the two separate entities are operating together. I, owner of 216 Atlantic Ave allowed employees to safely use the restroom and enjoy their deserved lunch breaks, does not constitute that I, owner of Cannabis license allowed my employees to use the location for business activity by allowing them access to the restroom or to have a safe lunch while their transport fleet are not in danger. The two operations are not related in any manner, and it does not justify the city's assumptions that we conducted either legal or illegal activity at said location. Neither ever occurred nor can be proven by evidence to have occurred.

The City of Long Beach's core values are listed as Ethics, Intelligence and Respect and neither of the three have been displayed in their duties to justice and equality, a picture is being painted that is inconclusive to my own ethics and there is an obvious mistake in the revocation of my license without any clear evidence. The revocation of my business license is unwarranted and without evidence, and I will continue to seek justice for the situation that has without evidence or cause affected my livelihood.

Jorge Larios
Property Owner
216 Atlantic Ave Long Beach



Social Equi Holdings LLC
 216 Atlantic Ave.
 Long Beach CA 90802



ATT: Susan Gonzalez
 City of Long Beach Financial Management
 Department Business License Division
 City of Long Beach 6th Floor
 411 W. Ocean Blvd. Long Beach
 CA 90802

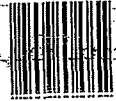
90802-466499

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY																
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <i>X-6 CARLOS</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>8/10</i></p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below: <i>2001-14 SW 2</i></p>																
<p>Article Addressed to: SOCIAL EQUITY HOLDINGS, LLC ATTN: JORGE LARIOS 216 ATLANTIC AVE LONG BEACH, CA 90802</p> <p>9590 9402 6455 9189 8615 62</p>	<p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Actual Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Actual Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail®</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Insured Mail</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</td> <td></td> </tr> </table>	<input type="checkbox"/> Actual Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Actual Signature Restricted Delivery	<input type="checkbox"/> Registered Mail®	<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Insured Mail		<input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)	
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PS Form 3811, July 2016 PSN 7530-02-000-9053

Domestic Return Receipt

Social Equity Holdings LLC
 216 Atlantic Ave.
 Long Beach CA 90802



U.S. POSTAGE PAID
 POST OFFICE
 LONG BEACH, CA
 90802
 OCT 15 21
 AMOUNT
\$3.75
 R2305K133094-15



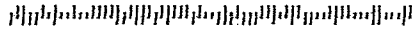
PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
 OF THE RETURN ADDRESS, FOLD AT DOTTED LINE
CERTIFIED MAIL®



7020 3160 0000 2828 0953

ATTN: Susan Gonzalez
 City of Long Beach Financial Management
 Department Business License Division
 City of Long Beach 6th Floor
 411 W. Ocean Blvd. Long Beach
 CA 90802

90802-466499



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY																
<p>1. Complete items 1, 2, and 3.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>SOCAL EQUITY HOLDINGS, LLC ATTN: JORGE LARIOS 216 ATLANTIC AVE LONG BEACH, CA 90802</p> <p>9590 9402 5455 9189 8615 62</p> <p>2. Article Number (Transfer from service label) 7018 2290 0001 7225 7254</p>	<p>A. Signature <input checked="" type="checkbox"/> Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) JORGE LARIOS</p> <p>C. Date of Delivery 8/10</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No 2010-14-EMK</p> <p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Insured Mail</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Insured Mail		<input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)	
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ADMINISTRATIVE HEARING FOR THE CITY OF LONG BEACH

**ADMINISTRATIVE HEARING TO
SHOW CAUSE WHY BUSINESS
LICENSE NUMBER BU21903666
ISSUED TO SOCIAL EQUITY
HOLDINGS, LLC SHOULD NOT
HAVE BEEN REVOKED PURSUANT
TO LONG BEACH MUNICIPAL CODE
§ 5.92.210.**

Business License #BU21903666

**HEARING OFFICER'S
RECOMMENDATION AND FINDINGS**

Hearing Date: February 9, 2022
Administrative Hearing Officer: Ashleigh N.
Stone

I. Introduction

This matter came on a noticed hearing pursuant to Long Beach Municipal Code ("LBMC") § 3.80.429.5 before Administrative Hearing Officer Ashleigh N. Stone, Esq. on February 9, 2022, at 9:00 a.m. via Zoom for a Business License Revocation Appeal Hearing to show cause why Business License No. BU21801274 for business address 214-216 Atlantic Avenue, Long Beach, CA 90802 (hereinafter "Property") issued SOCIAL Equity Holdings, LLC (hereinafter "Appellant" or "SOCAL Equity Holdings") should not have been revoked at the Business License Revocation Administrative hearing held on August 18, 2022, based upon a violation of LMBC § 5.92.210.

Mr. Jorge Larios appeared in pro per and on behalf of the business license holder SOCIAL Equity Holdings, LLC and building owner of 214-216 Atlantic Avenue, Long Beach, CA 90802.

1 Deputy City Attorney Arturo D. Sanchez appeared on behalf of the City of Long Beach,
2 Department of Financial Management.

3 Additionally present were, Jorge Carillo, *witness*, Lori Voss, *Business License Inspector*
4 *for the City of Long Beach Business License Department*, Brian Tuliau, *Acting Business Service*
5 *Officer for the City of Long Beach*, Ramone Barajas, *Code Enforcement for City of Long Beach*,
6 Emily Armstrong, *City of Long Beach Department of Financial Management*.

7 **II. Legal Authority for Hearing**

8 The authority to conduct this hearing is found in Long Beach Municipal Code (“LBMC”)
9 § 3.80.429.5, Appeal of license revocation, which states:

10 “Any licensee whose license is revoked under this Chapter shall have the right, within ten
11 (10) days after the date of mailing of the written notice of revocation, to file a written appeal to
12 the City Council. Such appeal shall set forth the specific ground or grounds on which it is based.
13 The City Council shall hold a hearing on the appeal within thirty (30) days after its receipt by the
14 City, or at a time thereafter agreed upon, and shall cause the appellant to be given at least ten
15 (10) days written notice of such hearing. At the hearing, the appellant or its authorized
16 representative shall have the right to present evidence and a written or oral argument, or both, in
17 support of its appeal. The determination of the City Council on the appeal shall be final.”

18 **III. January 28, 2022 Notice of February 9, 2022 Appeal Hearing**

19 The City’s case file includes a January 28, 2022 Notice of the February 9, 2020 appeal
20 hearing. (City’s Ex. 1). Mr. Tara Mortensen stated she reviewed and signed the Appeal of
21 Revocation Hearing Letter dated January 28, 2022, on that same date. While the letter states
22 there are attachments, it appears such no documents referencing the applicable Long Beach
23 Municipal Code were attached. Once signed, Emily Armstrong stated she served the Notice
24 Letter and the City’s case file via email to Mr. Larios on January 28, 2022. Mr. Armstrong stated
25 the “attachment” was the City’s case file, which was provided to Mr. Larios. In that case file,
26 the LBMC referred to as City’s Exhibits 12 to 18 were listed in the table of contents but were
27 omitted. However, in light of this notice issue, there was good cause to move forward.
28 Specifically, Mr. Larios was on notice of the basis of the revocation of his business license in the

1 underly matter and related ruling and LMBC § 3.80.429.5 was cited to in the January 28, 2022,
2 Notice Letter, and no objection was made by Mr. Larios who was prepared to present his case
3 and witness.

4 **IV. Summary of Evidence Presented by SOCAL Equity Holding, LLC**

5 1. **Summary of Testimony of Jorge Larios.**

6 Mr. Jorge Larios owns the four-unit Property which has two commercial properties on
7 the first floor and two residential properties on the second floor.

8 On December 1, 2020, Mr. Larios received a call from Ms. Lori Voss, a business license
9 inspector for the City of Long beach, requesting to inspect the Property. He was at the gym in
10 Hermosa beach at the time. He needed some time to figure out how to give her access when
11 Mr. Carillo was working at another property. He made several attempts to get ahold of Mr.
12 Carillo but was having trouble reaching him for at least an hour. Mr. Larios testified once he
13 was able to get a hold of Mr. Carillo, he told him to clear out the space because they needed to
14 do an inspection. However, he later testified he told Mr. Carillo to go there, but since he was
15 there to clear out the space. He had a building permit to begin renovations at the Property.

16 He called Ms. Voss an hour after she had first called him, but was unable to reach her.
17 He testified that he was calling her to tell her he was on his way to the property and would be
18 there around 3:00 pm.

19 Mr. Larios denied there was anyone in the building the morning of December 1, 2020.
20 Mr. Carillo testified there were no cannabis products inside the Property on December 1, 2020.
21 He denied storing any cannabis at the Property. The cannabis products were already in the van
22 as part of his cannabis delivery business.

23 Mr. Larios testified the only cannabis in the property was for personal, lawful use.

24 He arrived at the Property to show Ms. Voss and the other inspectors the property at
25 3:00 pm, but no one was there. He testified he placed several calls to Ms. Voss, but wasn't able
26 to reach her. The vans were gone by that time.

27 Mr. Larios owns twelve corporations, and all mail goes to 216 Atlantic Avenue – the
28 Property.

1 Mr. Larios is the owner of Daze, which has a California-issued license to deliver
2 cannabis throughout the State of California. He acquired Daze in April 2020. From April 2020
3 to December 2020, Daze employees used the Property an estimated three to four times for safe
4 meal and rest breaks. Starting in December 2020, it occurred on a weekly basis after it became
5 unsafe and untenable to use local grocery stores and gas stations for meal and rest breaks. The
6 drivers travel between Long Beach and Davis, California. The state delivery license requires
7 the delivery trucks to be parked in safe, private parking lots.

8 2. **Summary of Testimony of Jorge Carillo.**

9 Mr. Jorge Carillo has worked with Mr. Larios for more than ten years providing services
10 related to maintenance and construction. He performed maintenance for various properties
11 owned by Mr. Larios. 214-216 Atlantic is used as an office for SOCAL Equity Holdings, LLC
12 business. He's at 214-216 Atlantic nearly every day to use the restrooms, eat meals, and use it
13 as a meeting space on construction projects meeting with contractors and survey plans. They
14 also use the commercial space to store equipment for nearby construction projects and other
15 business files for SOCAL Equity Holdings, Inc.

16 On December 1, 2020, he was removing the items from the Property because they were
17 getting ready to start the demolition on that property. He does not recall the time he arrived on
18 that day and denied being there in the morning. He was there when she arrived in the
19 afternoon. He testified he observed paperwork in the boxes. He said the other boxes were
20 closed so he didn't know what was inside. They were loading the van to the left, but didn't
21 open the right van until they were instructed to do so by the inspectors. Mr. Carillo denied
22 loading the second van to the right. He didn't know what was in the second van. Mr. Carillo
23 stated he's the only employee that works for Mr. Larios to do this type of work.

24 He stated he was not the person identified by Ms. Voss as the man who was carrying
25 and dropped the box. Mr. Carillo testified it was another man named Anthony who was helping
26 him that day. A second man named Walter was helping him as well. Mr. Carillo didn't see
27 Anthony drop the box. He didn't know he dropped a box but knows the other person outside at
28 the time was Anthony.

1 He testified the only cannabis he's seen at the commercial location was for personal use.

2 Mr. Larios called him on December 1, 2022 and told him to clear out the building, but
3 denied he was told to remove cannabis products. He arrived at the Property approximately 40
4 minutes later.

5 Mr. Carillo testified he hadn't yet packed up the table with the loose cannabis and scale.

6 He did previously observe other workers and contractors smoking cannabis at the
7 Property for personal use.

8 Mr. Carillo stated there was a cannabis odor in the building, but attributed it to probably
9 being caused by smoking cannabis based upon his prior observations of such personal use at
10 the Property.

11 Mr. Carillo testified he moved construction equipment in and out of the Property after
12 hours. The neighbors regularly called the cops and every time they went to the property after
13 hours and on weekends.

14 Mr. Carillo confirmed he met Ms. Voss at the inspection of the other business location
15 prior to the December 1, 2020 inspection.

16 3. **Summary of Testimony of Lori Voss.**

17 Ms. Voss has just over 10 years of experience as a business license inspector. She
18 conducted over 200 inspections for cannabis-related businesses.

19 In approximately mid-November 2019, she began her investigation of the Property after
20 receiving a complaint by an anonymous nearby residential neighbor of a cannabis business
21 being operated at the Property. Specifically, the complaining neighbor alleged after-hours
22 activity involving people, the movement of boxes, and parties taking place at the Property,
23 which was after City inspection hours. Ms. Voss checked the business license record for the
24 Property and determined there was no active cannabis business license for the Property. She
25 conducted four visual inspections to determine what business, if any, was being conducted out
26 of the Property during business hours. During her visual inspections, she did not see any illegal
27 cannabis business being conducted out the Property, but her inspections were limited to regular
28 business hours. Business being conducted after business hours can be an indication of an intent

1 to conceal business conduct from city officials, who only work during regular business hours.
2 Additionally, she observed the building with vans and other cars going in and out from the
3 parking lot directly behind the Property. That parking lot is a separate address, but also owned
4 by SOCAL Equity Holdings, LLC. Based upon her experience, there was an indication there
5 was an illegal cannabis business being conducted out of the Property. From there, she set up a
6 team inspection of the Property for December 1, 2020.

7 A week prior to December 1, 2020, Ms. Voss met Mr. Jorge Carillo at a business license
8 inspection at another property where he was introduced as Mr. Larios' associate.

9 On December 1, 2020, Ms. Voss, John Fort, retired fire and arson inspector, and
10 Ramond Barajas, from code enforcement, went to inspect the Property. They first arrived at
11 11:00 a.m. and were unable to gain access to the Property. She observed the front door was
12 dusty, had cobwebs, and hadn't been used in some time. They knocked on the back door, heard
13 people inside the property, but no one answered. Ms. Voss called Mr. Larios and informed him
14 of the complaint of the illegal operation and requested an inspection. He said he'd be at the
15 Property in an hour. They waited for an hour and fifteen minutes. She called him again and he
16 said he could not yet give them access because he didn't have the keys. He agreed to give them
17 access later that afternoon. There were two commercial vans parked at the parking lot behind
18 the Property and she observed they were both empty. While they were waiting two additional
19 neighbors approached Ms. Voss to complain about the Property. They thereafter left the
20 Property with the plan to return when Mr. Larios arrived to give them access.

21 While at another inspection location, Ms. Voss received a call from the original
22 complaining neighbor that items were quickly being removed from the Property.

23 At approximately 2:00 pm, Ms. Voss, Mr. Fort, and Mr. Barajas returned to the Property.

24 They went back and saw the vans had been loaded and contained cannabis products.

25 When they first pulled into the parking lot directly behind the Property she observed
26 three men actively working on loading the vans with boxes from the Property. The vans were in
27 the same location and both had their doors opened, indicating they both were being loaded. The
28 left van was only half full and the right van contained all the observed cannabis products.

1 When she arrived, she immediately recognized Mr. Carillo carrying a box out of the
2 property in a hurried manner to load into the van to the left, which he dropped when he turned
3 and saw them pull into the parking lot behind the Property. When the box dropped packaged
4 cannabis products fell out of the box. Mr. Carillo then went behind the van to conceal himself.

5 Ms. Voss then saw two other men that came out of the Property.

6 She did a visual inspection of the van and observed 20 to 30 boxes, several of which
7 were open. She observed a box of marketing materials for Daze, one to two boxes of empty
8 cannabis packaging, a bulk package of unpackaged cannabis, and an estimated 2,000 packaged
9 and jarred cannabis products ready for sale for five to seven different cannabis companies.

10 Ms. Voss and the other inspectors went up to Mr. Carillo and introduced themselves and
11 asked to conduct an inspection of the Property.

12 She identified Mr. Carillo during the zoom hearing.

13 When they first entered the Property she first noticed a strong smell of cannabis. She
14 observed a table with loose cannabis along with a scale, which was evidence of cannabis
15 packaging being conducted at the Property. She also found flyers for the cannabis delivery
16 business.

17 Ms. Voss concluded that an illegal cannabis business was being operated out of the
18 business based upon the cannabis odor throughout both units of Property, which in her
19 experience was from stored cannabis product, and her observation of the cannabis products
20 being actively moved out of the Property. Based upon Ms. Voss' experience she's aware of the
21 difference between the smell of smoked cannabis and that of cannabis storage.

22 Prior to leaving the Property, she spoke with Mr. Carillo he told them he was instructed
23 by Mr. Larios to empty out the product as quickly as possible. The three men appeared nervous.

24 Mr. Larios didn't arrive at the property during their afternoon inspection. At first, he
25 denied it, but then stated he had a lot of outstanding cannabis business license applications so
26 he had to do what he needed to do while he was waiting. She understood this mean that he had
27 to make business whether or not the business was licensed. At the time, he had approximately
28

1 20 pending cannabis business licenses. Since that time, four cannabis business licenses have
2 been approved for two different locations – one for cultivation and another for distribution.

3 Mr. Larios called Ms. Voss at around 5:30 pm that same day. She informed him she had
4 concluded there was an illegal cannabis business being operated out of the property.

5 Based upon the totality of the evidence available to them, all inspectors concluded there
6 was sufficient evidence to conclude an illegal cannabis operation was being conducted out of
7 the Property.

8 As of December 1, 2022, Ms. Voss was not aware of Mr. Larios' State of California-
9 issued license to deliver cannabis products. The City of Long Beach does not regulate cannabis
10 delivery businesses, but instead, the City regulates physical locations within the City that have
11 a business operating out of that location. Regarding the State-wide license to deliver cannabis,
12 if you are delivering from the Property a cannabis business license would be required for that
13 location. It is not illegal for a cannabis delivery truck to stop at a gas station to refill their gas or
14 park at a store to get a meal or to use the restroom. However, an owner/occupier of a
15 commercial building must still need to obtain a cannabis business license to conduct lawful
16 business out of that location.

17 The amount of cannabis she observed in the van was over the legal limit pursuant to
18 Prop 65.

19 **V. Summary of Relevant Evidence Introduced by The City**

20 The City introduced into evidence its Case File, Exhibits 1 – 34 consisting of various
21 correspondence, business records and information, inspection records, photographs, and other
22 related documents. A google image showing an aerial view of the property was admitted and
23 marked as City's Exhibit 35 and another photo of the parking lot was admitted and marked as
24 Exhibit 36. All were admitted without objection. I find these exhibits to have inherent reliability
25 and credibility in an administrative hearing.

26 **VI. Statement of Issues Before the Hearing Officer**

27 1. Weather there is good cause why the referenced City of Long Beach Business
28 License BU21903666 should not have been revoked at the original August 18, 2021 hearing for

1 SOCAL Equity Holdings, LLC's violation of LBMC 5.92.210 for unlicensed cannabis activities.
2 Specifically, LBMC 5.92.210 states, "It is unlawful for any person to engage in, operate, conduct,
3 carry on, or allow to be carried on, the business of adult-use cannabis in the City without having
4 first met the following requirements:

- 5 1. The person has paid any business license tax pursuant to Chapter 3.80 of this
6 Code;
- 7 2. The person holds a valid permit pursuant to the requirements of this Chapter, and;
- 8 3. The person holds a state license in accordance with the Cal. Bus. & Prof. Code
9 26000 et seq., and any applicable regulations implemented by the State or any of its departments
10 or divisions.

11 **VII. Finding of Fact**

- 12 1. Mr. Larios is an owner of numerous corporations, related and unrelated to the
13 cannabis industry. He uses 216 Atlantic Avenue - the Property - for all of his business
14 addresses.
- 15 2. The Property is also used regularly by SOCAL Equity Holdings, LLC for
16 storage, meetings, and for employee meal and rest breaks.
- 17 3. Ms. Lori Voss works as a business license inspector for the City of Long Beach.
18 She has just over 10 years of experience as a business license inspector. She has conducted
19 over 200 inspections for cannabis-related businesses.
- 20 4. In approximately mid-November 2019, she began her investigation of the
21 Property after receiving a reported complaint about the Property by an anonymous nearby
22 residential neighbor of a cannabis business being operated at the Property. Specifically, the
23 complaining neighbor alleged after-hours activity involving people, the movement of boxes,
24 and parties taking place at the Property, which was after City inspection hours.
- 25 5. Ms. Voss confirmed there was no cannabis business license issued to the
26 Property.
- 27 6. Ms. Voss conducted approximately four exterior visual inspections during
28 regular business hours and observed vehicles going in and out of the adjoining parking lot, but

1 did not observe anything indicating a cannabis business was being conducted out of the
2 property.

3 7. Based upon her experience, there was an indication there was illegal business
4 being conducted out of the Property. From there, Ms. Voss scheduled a team inspection of the
5 Property for December 1, 2020.

6 8. A week before the December 1, 2020 inspection, Ms. Voss went to a business
7 license inspection of another property owned by Mr. Larios and met Mr. Carillo for the first
8 time.

9 9. On December 1, 2020, Ms. Voss, John Fort, retired fire and arson inspector, and
10 Ramond Barajas, from code enforcement, went to inspect the Property. They first arrived at
11 11:00 a.m. and were unable to gain access to the Property. She observed the front door was
12 dusty, had cobwebs and hadn't been used in some time. They knocked on the back door, heard
13 people inside the property, but no one answered.

14 10. When they arrived there were two white commercial vans parked in the parking
15 lot. They conducted a visual inspection of the van through the windows and observed the vans
16 were both empty.

17 11. The inspection team waited for an hour and fifteen minutes. Mr. Larios agreed
18 to give the inspection team access to the Property later that afternoon. They left to inspect
19 another property.

20 12. Mr. Larios received a call from Ms. Lori Voss requesting to inspect the Property
21 in Long Beach. Mr. Larios was in Hermosa Beach and made attempts to contact Mr. Jorge
22 Carillo to let the inspectors in.

23 13. Mr. Carillo has worked for Mr. Larios for over ten years providing services
24 related to maintenance and construction at the properties owned by Mr. Larios.

25 14. Once he was able to contact Mr. Carillo, Mr. Larios told him to go to the
26 property to clear out the property because they needed to conduct an inspection.

27
28

1 15. Mr. Carillo went to the property with two other workers and they began loading
2 up the vans. Mr. Carillo admitted to packing boxes of papers at the Property and loading them
3 into the left-side van.

4 16. While the inspection team was inspecting another property, Ms. Voss received a
5 call from the original complaining neighbor that items were quickly being removed from the
6 Property

7 17. When Ms. Voss and the other inspectors arrived at the property the same vans
8 were in the same location, but had their doors open, indicating they were both being loaded.

9 18. When Ms. Voss and the inspection team arrived at the Property, she
10 immediately recognized Mr. Carillo carrying a box out of the property in a hurried manner to
11 load into the van to the left, which he dropped when he turned and saw them pull into the
12 parking lot behind the Property. When the box dropped packaged cannabis products fell out of
13 the box. Mr. Carillo then went behind the van to conceal himself. Ms. Voss observed two
14 other men come out of the Property that were assisting with loading the vans.

15 19. Ms. Voss did a visual inspection of the van and observed 20 to 30 boxes, several
16 of which were open. She observed a box of marketing materials for Daze, one to two boxes of
17 empty cannabis packaging, a bulk package of unpackaged cannabis, and an estimated 2,000
18 packaged and jarred cannabis products ready for sale for five to seven different cannabis
19 companies.

20 20. Ms. Voss and the other inspectors went up to Mr. Carillo and introduced
21 themselves and asked to inspect the Property.

22 21. When they first entered the Property Ms. Voss first noticed a strong smell of
23 cannabis. She observed a table with loose cannabis along with a scale, which was evidence of
24 cannabis packaging being conducted at the Property. She also found flyers for the cannabis
25 delivery business.

26 22. Mr. Larios attempted to reach Ms. Voss by phone to tell her he would be
27 arriving at 3:00 pm but was unable to reach her. Mr. Larios arrived at the Property at 3:00 pm.
28 No one was at the property and the vans had been driven away.

1 23. Mr. Larios called Ms. Voss at around 5:30 pm that same day. She informed him
2 she had concluded there was an illegal cannabis business being operated out of the property.

3 24. Based upon the totality of the evidence available to them, all inspectors
4 concluded there was sufficient evidence to conclude an illegal cannabis operation was being
5 conducted out of the Property.

6 25. On August 18, 2021, there was an administrative hearing to show cause why the
7 subject business license should not be revoked pursuant to LMBC 3.80.429.1 for allowing
8 unlicensed cannabis activities to occur at the Property in violation of LBMC 5.92.210.

9 26. On September 15, 2020, Administrative hearing officer Larry Minsky found the
10 clear weight of the evidence established Appellant was using the Property for unlicensed
11 cannabis use and upheld the revocation of the subject business license.

12 27. On October 14, 2021, Mr. Larios submitted an appeal to the September 15, 2021
13 ruling.

14 28. On January 28, 2022, the City of Long Beach, Department of Financial
15 Management sent written notice of the subject February 9, 2022 appeal hearing to show cause
16 why the referenced City of Long Beach Business License should not have been revoked at the
17 original hearing.

18 29. To the extent any conclusion of law identified below constitutes a finding of fact,
19 it is hereby incorporated.

20 **VIII. Discussion**

21 Mr. Larios seeks an appeal of the revocation of the subject business license claiming there
22 was inadequate evidence or proof of illegal or legal cannabis business conducted at the Property.
23 Second, Mr. Larios argued the statewide cannabis delivery license supersedes the jurisdiction of
24 the City of Long Beach pursuant to Regulation 5416(d) contending the City of Long Beach
25 cannot ban licensed businesses that are established within their location.

26 The City of Long Beach contends there was adequate evidence to support the revocation
27 of the subject business license and that Mr. Larios' claims he was acting lawfully according to
28 the statewide cannabis delivery license were not relevant.

1 Upon review of the case file, the prior ruling, and evidence presented at the subject appeal
2 hearing, there is substantial evidence to conclude the Property was being used for cannabis
3 delivery business purposes, including the storage of cannabis. Mr. Larios admitted the Property
4 was being used for the storage of marketing materials and cannabis packaging. The Property was
5 being used also as a business address for the cannabis delivery business. The Property was further
6 being used by delivery employees meals and rest breaks. Mr. Larios equated this use to the
7 delivery drivers using a public gas station, however, looking at the totality of the evidence there
8 was much more use of the Property for the cannabis delivery company than the occasional use
9 of its restroom.

10 Most compelling is the fact the inspectors caught a substantial amount of packaged
11 cannabis product being actively removed from the property just after they requested to inspect
12 the property. While Mr. Carillo disputes he was the individual who dropped the box of packaged
13 cannabis, Ms. Voss' identification of him is credible, especially she had met him just a week
14 prior at another of Mr. Larios's properties and immediately recognized him. Mr. Carillo or not, it
15 is not in dispute that Ms. Voss personally observed cannabis product being removed from the
16 Property and loaded into vans that just two hours prior were inspected and sat empty. This is
17 further corroborated with evidence that the Property itself had the strong and distinct odor of that
18 related to cannabis storage. Mr. Larios argued the loose cannabis and odor was a result of
19 personal use and claimed the amount in the property was within the legal limits for personal use,
20 but, again, the evidence supports there was a large bulk quantity of cannabis product obtained
21 for white-label commercial distribution, along with over 2,000 packaged cannabis products. Ms.
22 Voss is experienced enough to distinguish the odor of personal use from storage. There is
23 additional evidence to support there was cannabis packaging going on at the Property given there
24 was packaging stored at the property along with bulk cannabis product, a scale, and loose
25 cannabis was on the table.

26 Moreover, Mr. Larios and Mr. Carillo confirmed Mr. Larios instructed him to go to the
27 Property and to clean out the property as a result of the request for inspection. Mr. Cabrillo was
28 in the middle of another project on December 1, 2020, however, as a result of the request for

1 inspection, Mr. Carillo coordinated himself and two other men to quickly box up and move the
2 substantial amount of property into the vans. The items moved were related to the cannabis
3 delivery company so the argument the items were moved due to a building permit to renovate is
4 unpersuasive.

5 Mr. Larios claims he was conducting business lawfully according to the statewide license
6 issued for the cannabis delivery company. While the statewide license permits the delivery of
7 cannabis products, this license does not supersede the City's authority to require a business
8 license when cannabis business activities are being conducted at a commercial building in its
9 city. BCC Regulation Section 5311 does not negate the need to obtain a city business license.
10 Moreover, California Business & Professions Code § 26200(a)(1), states as follows, "*This
11 division shall not be interpreted to supersede or limit the authority of a local jurisdiction to adopt
12 and enforce local ordinances to regulate businesses licensed under this division, including, but
13 not limited to, local zoning and land use requirements, business license requirements, and
14 requirements related to reducing exposure to secondhand smoke, or to completely prohibit the
15 establishment or operation of one or more types of businesses licensed under this division within
16 the local jurisdiction.*" Therefore, it's well within the City jurisdiction to enforce LBMC
17 5.92.210 under the circumstances.

18 Pursuant to the relevant provisions of LBMC Chapter 5.92.210 (A.), "*It is unlawful for
19 any person to engage in, operate, conduct, carry on, or allow to be carried on, the business of
20 adult-use cannabis in the City without having first met the following requirements: 1. The person
21 has paid any business license tax pursuant to Chapter 3.80 of this Code; 2. The person holds a
22 valid permit pursuant to the requirements of this Chapter; and 3. The person holds a State license
23 in accordance with California Business & Professions Code Section 2600 et seq., and any
24 applicable regulations implemented by the State or any of its departments or divisions. It is
25 undisputed that no valid cannabis business license was in place for the Property to satisfy the
26 requirements of LBMC Chapter 5.92.210(A). Therefore, based upon the clear weight of the
27 evidence, there was good cause for the revocation of the subject business licensed for violation
28 of LBMC Chapter 5.92.210 in the underlying administrative hearing as well as now.*

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IX. Conclusions of Law

1. At all times, Mr. Larios possessed a statewide license to operate a cannabis delivery business.

2. Mr. Larios used the Property for cannabis delivery related business activities in violation of LBMC Chapter 5.92.210A(2).

3. At all times relevant, there was no adult-use cannabis-related business license in place for the subject Property to satisfy the requirements of LBMC Chapter 5.92.210A.

4. There was adequate evidence to support a revocation of the subject business license at the August 18, 2021 hearing. Therefore, based upon a preponderance of the evidence, the business license revocation is upheld.

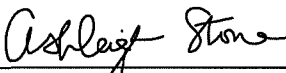
5. To the extent any conclusion of fact identified above constitutes a finding of law, it is hereby incorporated.

X. Conclusion

Based upon a preponderance of the evidence, there was adequate evidence to conclude Mr. Larios used the Property and subject business licensed BU21903666 for operating cannabis delivery related business activities. Therefore, the prior administrative hearing determination to uphold the City’s decision to revoke the subject business license is upheld. The revocation should remain.

Date: February 28, 2022

Respectfully submitted,



Ashleigh N. Stone

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